



State of Arizona Accounting Manual

Topic 55 Payroll and Personnel
Section 05 **General Payroll Policies**

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INTRODUCTION

Payroll, consisting of employee compensation and related expenses, constitutes a significant expenditure for the State. Employees expect and should receive prompt and accurate payment of salaries and wages. The processing of payroll is therefore an extremely important function requiring strict controls and close supervision.

The entities that comprise the State of Arizona use a variety of methods for entering and recording the days and hours worked by their employees. Some of these methods are highly automated—like HRIS and ETE—and others are not. In many cases, the automated systems perform a number of checks, verifications and validations. This fact, however, does not relieve agency management of its responsibility to assure the accuracy of payroll information and to maintain internal controls sufficient to mitigate the likelihood of errors.

POLICIES

1. Payroll preparation, payment processing and distribution, timekeeping, and personnel record-keeping duties must be segregated.
2. To the extent practicable, each agency should designate one employee as the agency payroll coordinator and at least one other employee as the payroll coordinator's alternate. These employees are responsible for reviewing time and attendance records for agency employees and ensuring that all employees are properly paid. These employees should receive adequate training and requisite system access. An alternate should always be ready and available to provide coverage during the absence of the payroll coordinator.
3. Agency payroll personnel must review payroll information to ensure it has been properly recorded.
4. To the extent practicable, payroll duties should be rotated among employees periodically. In circumstances that do not permit rotation of payroll duties, adequate compensating controls—in the form of additional review and verification, etc.—should be established.
5. Agency procedures for an employee's separation from State employment, whether voluntary or involuntary, must include:
 - 5.1. The preparation of a form by the management of the separating employee that documents the recovery of or otherwise accounts for travel advances and the

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return of all State property, including, but not limited to: keys, equipment, payment cards, transit cards, etc.;

- 5.2. Ensuring that terminating employees have information concerning whom to contact regarding COBRA and RASL;
- 5.3. Performing a thorough, final review of any termination payment; and,
- 5.4. Ensuring that a terminated employee receives his final check in a timely manner and in accordance with all legal requirements.
6. Except in the case of an emergency, all overtime and leave requests must be approved at least one (1) business day in advance.
7. The fact that some automated systems incorporate particular controls and checks does not reduce management's responsibility for maintaining internal controls or eliminate the need to retain certain manual verification processes.
8. Leave schedules should be planned to avoid serious depletion of staff at one time.
9. Before approving an employee's time entries, whether manual or electronic, an employee's supervisor should check for accuracy of time, pay code, leave balances and other information relevant to proper processing and payment.
10. A Form GAO-60 must be completed for each pay period. The pay period includes the regular payrolls plus any payroll handwrites issued during the period.
 - 10.1. The Form GAO-60 must be signed by the agency head, deputy agency head or the agency chief financial officer not later than the end of the calendar month following the month in which the payroll was paid.
 - 10.2. Once completed, Forms GAO-60 are to be filed with other payroll reconciliation records and retained by the agency in accordance with the retention schedules issued by LAPR.